

Alpha Networks Inc. Investor Conference

2024/2/29

Safe Harbor Statement

The statements contained in this release are “forward-looking statements” except for historical data and are subject to risks and uncertainties which may make actual performances and results differ materially from those contained in the forward-looking statements. Risk and uncertainties include financial stability of international market, demand in end market, supply chain, impact of competitive products and pricing, exchange rate fluctuations, and other risks beyond the control of the Company.

Agenda

- 1. Business Outlook**
- 2. 2023 Q4 Financial Results**
- 3. Products and Developments**
- 4. R&D Capability and Expectation**
- 5. Q&A**

Business Outlook



The decrease was larger than expected in 2023 2H, leading to a full-year decline

During the customer inventory adjustment period, actively adjust the structure to prepare for future growth

- 1. The factory capacity distribution:** two factories in mainland China have merged into one
- 2. Actively develop new markets:** new markets in Asia will become growth drivers
- 3. Specific market allocation and core competitiveness developments :**
Hitron specializes in branding, focusing on marketing and software added value
Alpha specializes in professional ODM/OEM, expand scale
IDT integrates Transnet to improve synergy

The projects were successful, build solid foundation for future growth

NCG's projects in 2023

Projects		Participating manufacturers	Content
Closed	Beyond-5G LEO plan	Alpha 、Rapidtek 、GCE 、TUC	<ul style="list-style-type: none"> ➤ Cooperation in LEO satellite ground receiving equipment ➤ Many optimization contents are independently completed by Taiwanese companies
	Resilient supply chain smart factory plan	Transnet	Build Alpha's all-round 5G AIoT smart factory <ul style="list-style-type: none"> ➤ 5G networking, AI image interpretation, AMR automatic handling cooperation
	The world's first 5G smart yacht operation and construction plan	Transnet	Create the world's first hardware anchor 5G AIoT smart harbor
	Taipei Dome	IDT	<ul style="list-style-type: none"> ➤ Large-scale field broadcast image transmission and central control system ➤ Advertising system
In Progress	Domestic electric bus Intelligent sensing main control system development plan	Alpha 、Tron Energy	Cooperate with an electric bus manufacturer to build the first domestic ADAS electric bus <ul style="list-style-type: none"> ➤ Develop domestic bus AI image algorithm and radar perception fusion system ➤ In response to domestic regulatory requirements, the ADAS main control system was developed to drive the ZF chassis control system.
	Manufacturing low-carbon and smart upgrading project	Alpha 、Transnet	<ul style="list-style-type: none"> ➤ It is expected to complete the development of low-carbon energy-saving equipment and energy management platform for the central factory within 2 years ➤ Conduct carbon inventory and introduce carbon reduction measures in industrial supply chains
	5G private network practices ESG model Wufeng Ecological Intelligent Stadium Plan	IDT 、Taiwan Optical Platform 、Yuan Fwu	With the ESG transformation of the stadium as the core, it combines eight application field solutions to achieve goals such as stadium ecological maintenance, personnel health and safety monitoring, and meeting the needs of golfers.

NCG ESG : Awards in 2023

第16屆 TCSA台灣永續獎

永續綜合績效
台灣百大永續典範企業獎



第16屆 TCSA台灣永續獎

永續報告
電子資訊製造業第一類
金獎



第3屆 TSAA永續行動獎

環保包材專案(SDGs12)
銀獎



科管局 優良事業單位評選

推動職場工作平權
優等獎



Outlook in 2024: Specific market Allocation, strengthen synergy, and pursue growth

- Organizational restructuring to enhance the development of Hitron's telecommunication channels
- Alpha is a professional ODM/OEM company, develops emerging markets and new customers
- SI integration and continue to grow
- M&A

The growth strategy remains unchanged in 2024: focus, synergy, and growth

- Optimize switches, wired and wireless broadband

Growth

Optimization of current business

- ✓ To increase the proportion of high-end product and gross profit
- ✓ Utilizing the original channels to provide more products and services

- 5G private network deployment, aim to LEO satellite

Innovation

Innovative products and services

- ✓ Focus on pursuing continuous innovation
- ✓ Leverage the strengths of software to innovate end to end services continuously

AIoT

Expand into channels

- ✓ New channels
- ✓ New markets: data center, Telecom Network, Automotive Electronics
- ✓ Vertical markets

M&A

- ✓ To enhance capabilities and increase channel
- ✓ Integration and synergy

- Cooperate with channel partners

2023 Q4 Financial Results



Consolidated Statements of Comprehensive Income (Quarterly)

NT\$ Millions	4Q 2023		4Q 2022		YoY		3Q 2023		QoQ	
					amt	g %			amt	g %
Net Revenue	6,796	100%	9,241	100%	(2,445)	-27%	5,861	100%	935	16%
Cost of Goods Sold	(5,534)		(7,473)		1,939		(4,675)		(859)	
Gross Profit	1,262	18.6%	1,768	19.1%	(506)	-29%	1,186	20.2%	76	6%
Operating Expenses	(1,131)	-16.6%	(1,233)	-13.3%	102		(1,081)	-18.4%	(50)	
Operating Income	131	2.0%	535	5.8%	(404)	-76%	105	1.8%	26	25%
Non-Operating Income	(12)		(139)		127		18		(30)	
Income Before Tax	119	1.8%	396	4.3%	(277)	-70%	123	2.1%	(4)	-3%
Net Income (Loss)	101	1.5%	318	3.5%	(217)	-68%	75	1.3%	26	35%
Net income attributable to shareholders of the Company	52	0.8%	225	2.4%	(173)	-77%	83	1.4%	(31)	-37%
EPS (NT\$)	\$0.09		\$0.41		(\$0.32)		\$0.15		(\$0.06)	

Consolidated Statements of Comprehensive Income (YTD)

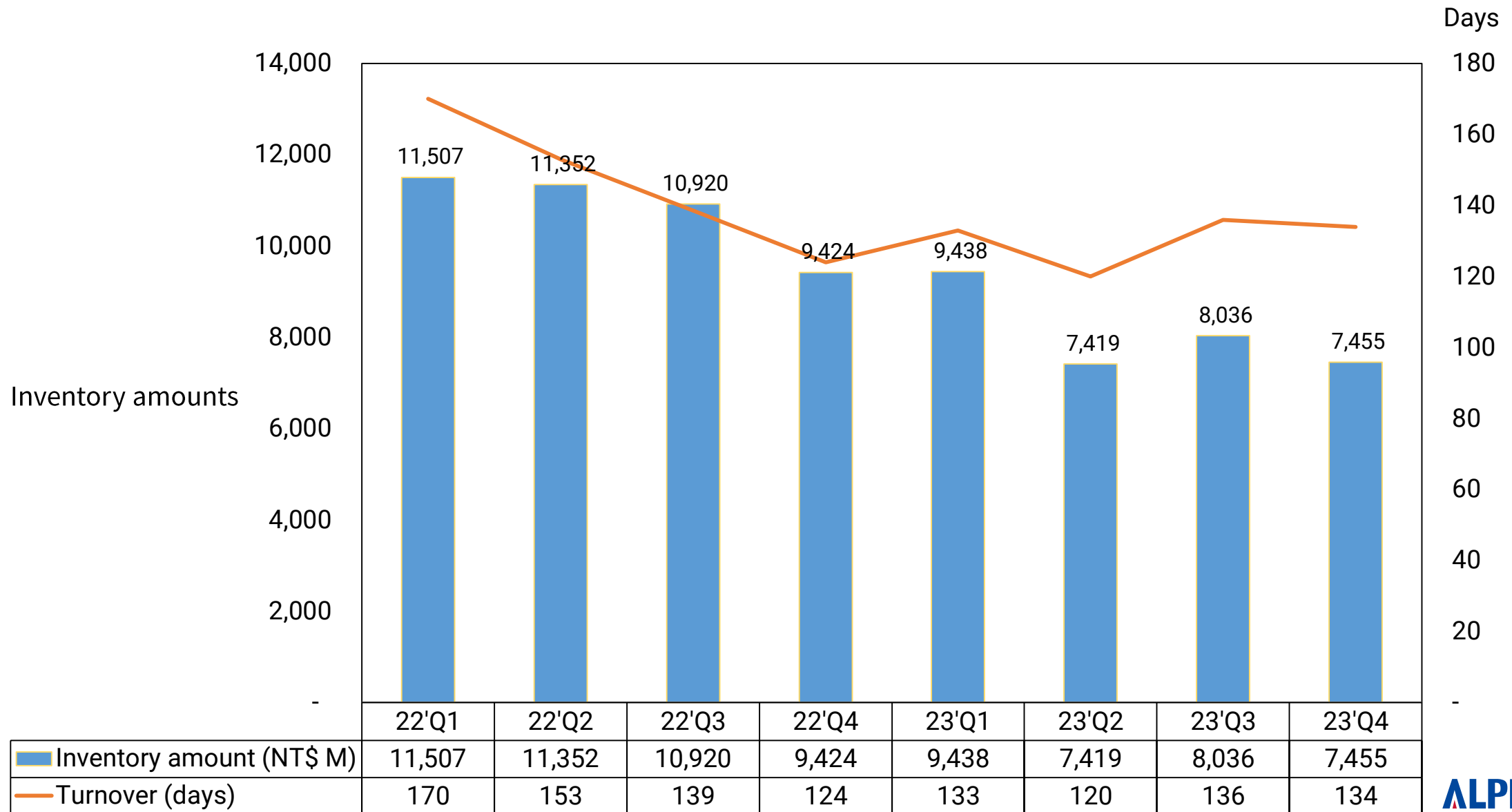
NT\$ Millions	2023		2022		YTD YoY	
					amt	g %
Net Revenue	28,272	100%	33,634	100%	(5,362)	-16%
Cost of Goods Sold	(23,061)		(27,381)		(4,320)	
Gross Profit	5,211	18.4%	6,253	18.6%	(1,042)	-17%
Operating Expenses	(4,382)	-15.5%	(4,538)	-13.5%	(157)	
Operating Income	829	2.9%	1,714	5.1%	(885)	-52%
Non-Operating Income	(22)		(180)		158	
Income Before Tax	807	2.8%	1,534	4.6%	(727)	-47%
Net Income (Loss)	640	2.2%	1,158	3.4%	(518)	-45%
Net income attributable to shareholders of the Company	548	1.9%	917	2.7%	(369)	-40%
EPS (NT\$)	\$1.01		\$1.69		(\$0.68)	

Consolidated Balance Sheets

NT\$ Millions	31-Dec-23		31-Dec-22		YoY	
					amt	g%
Cash and Cash Equivalents	3,201	13%	4,084	15%	(883)	-22%
Accounts Receivable	4,899	21%	5,599	21%	(700)	-13%
Inventories	7,455	31%	9,424	35%	(1,969)	-21%
Other Current Assets ^(note)	913	4%	1,136	4%	(223)	-20%
Non-current Assets	7,331	31%	6,890	25%	441	6%
Total Assets	23,799	100%	27,133	100%	(3,334)	-12%
Current Liabilities	8,762	37%	13,047	48%	(4,285)	-33%
Non-current Liabilities	1,707	7%	529	2%	1,178	223%
Total Liabilities	10,469	44%	13,576	50%	(3,107)	-23%
Common Stock	5,417	23%	5,417	20%	-	-
Equity attributable to shareholders of the parent	10,013	42%	10,371	38%	(358)	-3%
Non-controlling interests	3,317	14%	3,186	12%	131	4%

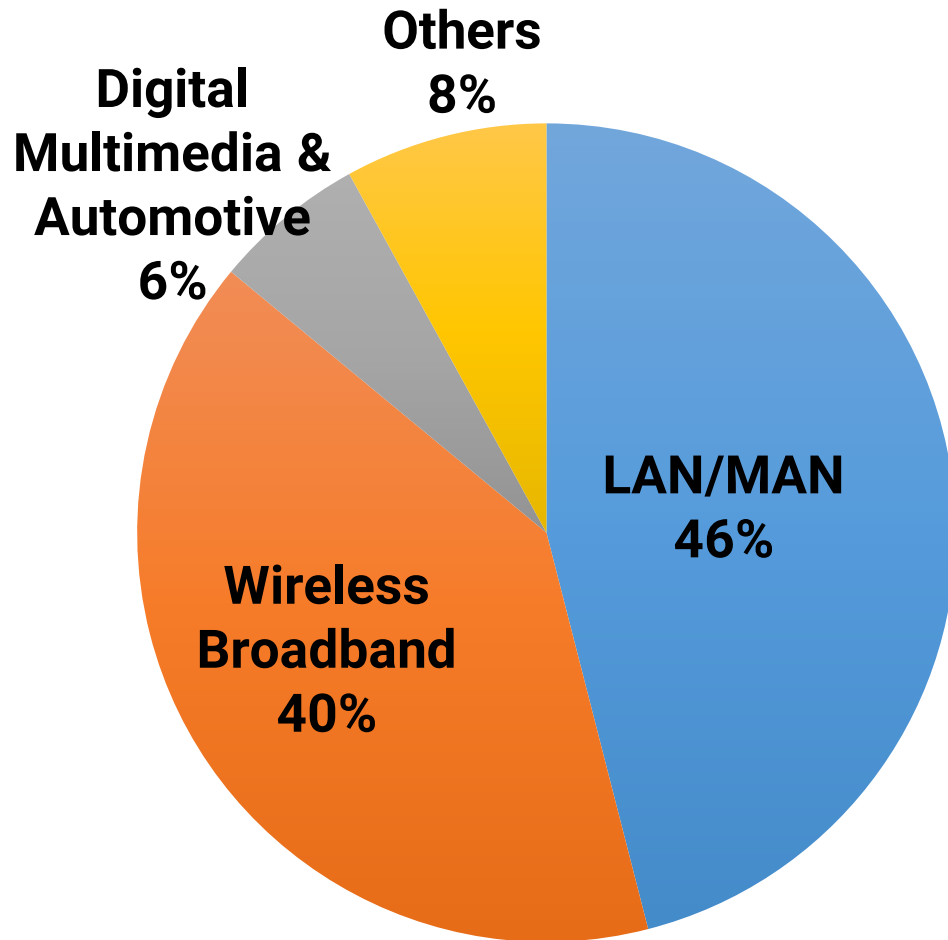
(Note) Other current assets includes deposits with original maturities of more than three months: NT\$20M and NT\$0M as of Dec. 31, 2023 and 2022.

Inventory amounts continue to decrease

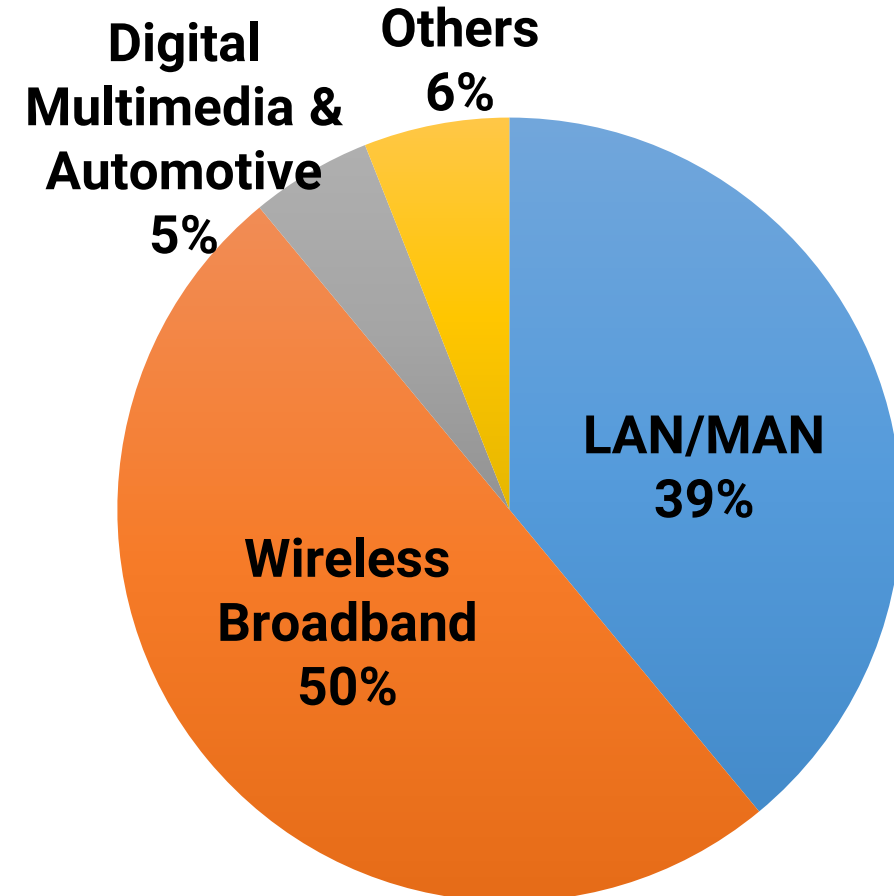


Revenue Breakdown by Product

2023



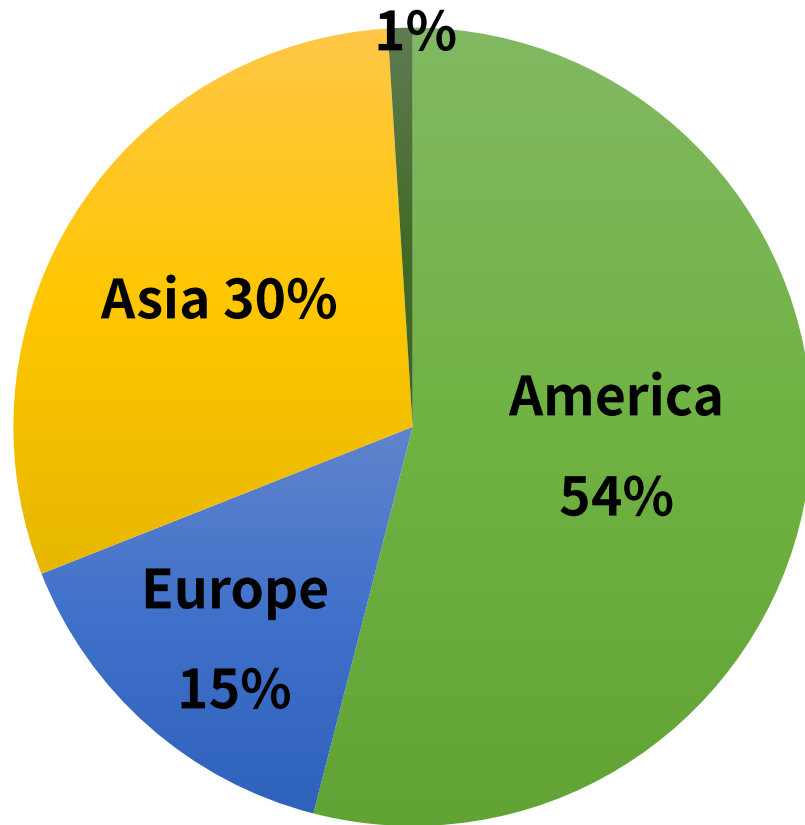
2022



Revenue Breakdown by Region

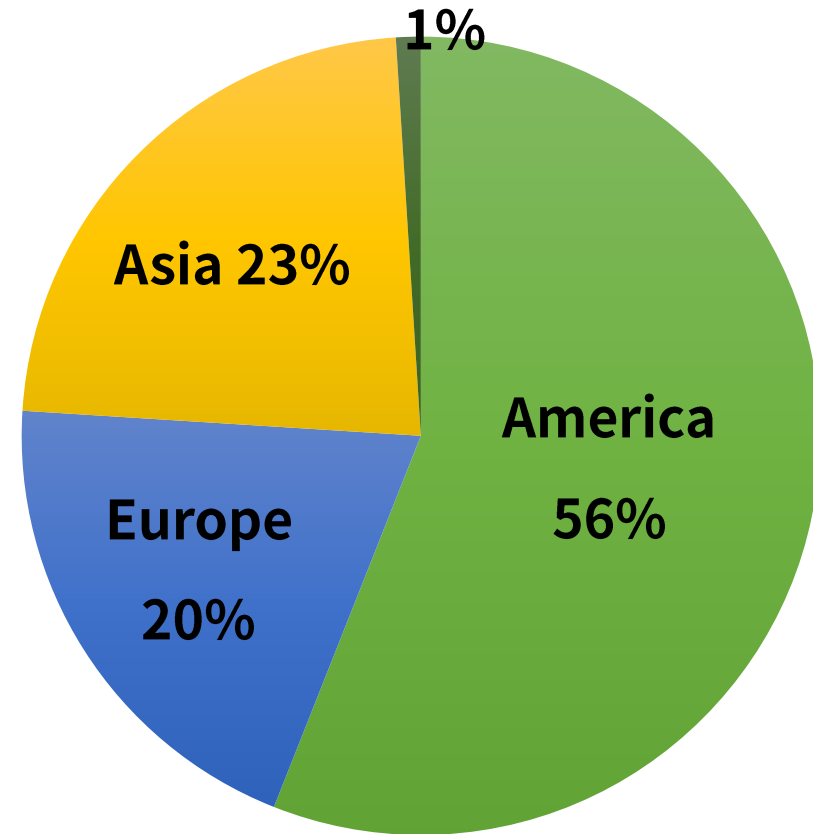
2023

Others



2022

Others



Products and Developments



New product growth momentum and opportunities in 2024

LAN/MAN:

- **Growth in data center:** 400G switches expand shipments/800G switches start mass production
- **New market:** Multi-dwelling units are expected to start shipping in Q4
- **Increase new orders/ customers for enterprise switches**



Wireless Broadband :

- **WiFi7 related product shipments :** It is expected to increase quarter by quarter starting from Q3.
- **Actively expanding new markets :** WiFi IDU is expected to generate revenue in Q4, and 5G is expected to have mass production next year.
- **5G _RU ODM projects:** Samples are being sent for testing, and North American market will begin to bring in revenue in Q4.

Digital Multimedia :

- **The momentum of camera modules for garages has doubled:** the U.S. housing market and construction are gradually recovering, and revenue is expected to grow significantly.
- **The North American DIY surveillance camera market continues to cooperate with customers to promote sales :** existing products are expanding sales, and new shipments are expected after Q2.
- **New customers' home baby cameras begin shipping in Q3:** expected to increase IP Camera's revenue

R&D Capability and Expectation



Alpha's R&D Strength & Capability

1. Over 30 years experience on networking products, Alpha already had a well-established system. GRO's goal is to combine existing BU product line plus DOCSIS to present to the world Alpha now put a new look to the broadband solution provider we deliver solution from edge through core and to the Cloud
2. RD talent pool to construct a team for broadband network solution from HW, SW, mechanical, testing and system integration expertise
 - a. Identify key technologies and set up task force for continue development and new technology and application
 - b. Provide complete Broadband Networking product and solution from Cloud to home, Service provider to residential service and Enterprise SMB to Retails market

LAN / MAN	Wireless & Broadband	Digital Multimedia	Mobile Enterprise Solutions	Digital Multimedia
 <ul style="list-style-type: none">• Data Center Switch• Enterprise Switch• SMB Switch• Carrier Switch• Industrial Switch• Broadband Access Switch/OLT• 5G xHaul Transport Switch	 <ul style="list-style-type: none">• WLAN Module / USB• WLAN AP / RG / HGW• XGPON SFU/ONU/ RGW• xDSL / G.fast CPE / RGW• NB-IoT / M2M Device• LTE Router / 5G NR CPE• LTE / 5G NR Small Cell / RAN• In-vehicle Wireless GW	 <ul style="list-style-type: none">• Video Surveillance• Video Conference Camera• Indoor / Outdoor IP Camera• Doorbell + Chime• Radar, PIR sensor, Gateway	 <ul style="list-style-type: none">• 24 / 77 / 79 GHz Radar Sensor• BSD Radar System• 3D AVM System• TBox• Fleet Management	 <ul style="list-style-type: none">• Cable Modem/Gateway/Router• WiFi Extender, Home Gateway• XGPON ONU/ONT• Hitron Cloud/APPs network management system• DOCSIS analysis meter• 5G DOCSIS backhaul /5G CPE

R&D agenda and expectation

3 main goals

- a. Combine BU's R&D resource to construct a complete broadband network solution – Cloud, Core, transmission, edge, CPE and consumer
- b. Improve R&D efficiency by consolidate various talent pool. Dedicated R&D experts will be set and focus on new technology engagement and transfer to application and service to meet customer need
- c. Propose 3 to 5 years technology roadmap to match customer's need with proactive approach

Our expectation

- a. Provide broader production line to existing customer
- b. Our customer all extend product line from core to edge or from CPE to Cloud
- c. Integrate Alpha and Hitron's technology strength to enhance and expand product line for both company

Q & A



THANK YOU

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